

Message Text

SECRET

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ACTION EA-10

INFO OCT-01 ISO-00 SS-15 NSC-05 SSO-00 NSCE-00 SP-02 PM-03

AID-05 IGA-01 CIAE-00 INR-07 NSAE-00 INRE-00 L-03

DODE-00 /052 W

----- 120788

O R 301202Z MAY 75

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC IMMEDIATE 4155

AMEMBASSY KUALA LUMPUR PRIORITY

INFO AMEMBASSY BANGKOK

S E C R E T SECTION 1 OF 2 VIENTIANE 3876

KUALA LUMPUR FOR ASSISTANT SECRETARY HABIB

E.O. 11652: GDS

TAGS: PFOR, PINT, EAID, US, LA

SUBJ: HABIB VISIT: SCOPE PAPER

SUMMARY: THIS TELEGRAM GIVES OVERALL PICTURE OF CURRENT POLITICAL SITUATION IN LAOS, PORTRAYS CURRENT ATTITUDES OF PRIME MINISTER AND FOREIGN MINISTER, AND OUTLINES PRICIPAL ISSUES THAT ARE EXPECTED TO ARISE IN DISCUSSIONS WITH THEM AND WITH COUNTRY TEAM. IN ACCORDANCE WITH CHAPMAN-MILLER TELECON, WE ASSUME DEPT WILL WISH TO ADD ITS COMMENTS. END SUMMARY.

POLITICAL SITUATION AND U.S. MISSION

1. IN THE PAST 30 DAYS LAOS HAS BEEN TAKEN OVER BY THE PATHET LAO AT A SPEED THAT IS POSITIVELY UN-LAOTIAN. THE FACADE OF COALITION GOVERNMENT NEVERTHELESS REMAINS, WITH PRIME MINISTER SOUVANNA PHOUMA, DOGGEDLY OPTIMISTIC THAN EVER ABOUT PRESERVING IT.

2. A NEW POLITICAL, SOCIAL AND ECONOMIC ORDER IS BEING IMPOSED BEFORE OUR EYES -- NOT WITH THE BRUTALITY

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OF PHNOM PENH OR THE THOROUGHNESS OF SAIGON, BUT A

NEW ORDER NEVERTHELESS THAT HAS ALREADY GREATLY AFFECTED THIS MISSION AND MAY SOON PLACE US (ASSUMING THAT DIPLOMATIC RELATIONS CONTINUE) UNDER MUCH THE SAME CONSTRAINTS AS A U.S. MISSION IN EASTERN EUROPE.

3. AS THE RESULT OF LONG AND DEEP INVOLVEMENT IN THE AFFAIRS OF LAOS, THE U.S. MISSION HAS BEEN INEXTRICABLY CAUGHT UP IN THIS DRAMA; FOR THE LAST TWO WEEKS THE MISSION -- USAID/LAOS IN PARTICULAR -- HAS BEEN ONE OF THE PRINCIPAL FOCI OF EVENTS HERE. TO SOME EXTENT WE ARE PAYING, AND RATHER HEAVILY, FOR A DECADE DURING WHICH IN MANY RESPECTS WE HAD THE RUN OF THE COUNTRY AS WE PURSUED THE LAO ADJUNCT OF THE VIET-NAM WAR. OUR AID-MISSION DID MUCH FOR LAOS OVER A SPAN OF TWO DECADES -- MORE, AND MORE GENEROUSLY, THAN ANY OTHER NATION WOULD HAVE DONE. THE VERY EXTENSIVENESS OF OUR AID APPARATUS, HOWEVER, BRED RESENTMENT EVEN AMONG OUR FRIENDS AND WE ARE NOW FEELING THE RESULTS. THE AID MISSION ALSO PROVIDED COVER FOR OTHER ACTIVITIES WHICH, ONLY TWO YEARS AFTER THE CEASE-FIRE, THE PATHET LAO HAVE NOT FORGOTTEN AND FOR WHICH THEY ARE NOW EXTRACTING A MEASURE OF REVENGE.

4. THE SENIOR VIENTIANE SIDE LEADERSHIP DISINTEGRATED IN THE FIRST WEEK OF MAY. MOST OF THE GOVERNMENTAL LEADERS AND MILITARY OFFICERS WITH AND THROUGH WHOM WE DEALT FOR MANY YEARS HAVE LEFT LAOS FOR THAILAND OR MORE DISTANT DESTINATIONS. THE FEW REMAINING GENERAL OFFICERS OF THE FORCES ARMEES ROYALES ARE APT TO BE DISMISSED IN A MATTER OF DAYS OR WEEKS IF THEY DO NOT GO ALONG WITH THE NEW SCHEME OF THINGS; SOME ARE ACCOMMODATING TO THE NEW CIRCUMSTANCES, ALTHOUGH THEY MAY SAY THAT THEY ARE DOING SO ONLY TO MITIGATE THE CONSEQUENCES FOR THE FAR. THE CIVILIAN BUREAUCRACY IS BEING PURGED RIGHT AND LEFT. FIVE OF THE TEN VIENTIANE SIDE MINISTERS AND SECRETARIES OF STATE HAVE FLED THE COUNTRY. (SOUVANNA HAS SAID THAT HE HAS SELECTED REPLACEMENTS FOR THEM TO RESTORE THE COALITION, BUT HAS AS YET NOT DIVULGED THE NAMES OF HIS CHOICES.) THE FIRE IS NOW BEING DIRECTED AT THE THIRD AND FOURTH ECHELONS (DIRECTORS-GENERAL AND DIRECTORS)

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OF GOVERNMENT, AND THOSE BEING FORCED OUT INCLUDE A NUMBER OF QUALIFIED PEOPLE (PH.D.'S, M.D.'S, ETC.) WHOSE SERVICES WE HAD THOUGH THE LAO PATRIOTIC FRONT WOULD HAVE WANTED TO RETAIN.

THE TWO LAO PRINCIPALS

5. THIS LEAVES VERY LITTLE IN TH:(0MG\$,_

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TO SECSTATE WASHDC IMMEDIATE 4156
AMEMBASSY KUALA LUMPUR PRIORITY
INFO AMEMBASSY BANGKOK

S E C R E T SECTION 2 OF 2 VIENTIANE 3876

ISSUES

7. GENERAL. YOU WILL BE THE FIRST SENIOR AMERICAN OFFICIAL TO MEET ANY LAO LEADER SINCE THE SECRETARY'S AND YOUR MEETING WITH PHOUMI IN NEW YORK IN SEPTEMBER, 1974. THEREFORE, THEY WILL BE FIRST INTERESTED IN GETTING A SENSE OF THE DIRECTION OF AMERICAN POLICY IN ASIA GENERALLY AND SEA SPECIFICALLY -- PARTICULARLY FOLLOWING THE DRAMATIC EVENTS OF THE LAST SIX WEEKS IN INDOCHINA. WE BELIEVE THAT THE LINE YOU HAVE TAKEN WOULD BE HELPFUL: THAT THE U.S. REMAINS A PACIFIC POWER, THAT WE INTEND TO MAINTAIN OUR COMMITMENTS, AND THAT WE HOPE TO PRESERVE AND DEVELOP THE PRESENT COOPERATIVE RELATIONS WITH THE COUNTRIES OF THE REGION.

MORE SPECIFICALLY, WHATEVER YOU CAN SAY ON OUR RELATIONS WITH THAILAND WILL BE IMPORTANT. AS YOU KNOW, THE LAO, INCLUDING THE PRIMIN, DISTRUST AND FEAR

THE THAI AND THE LPF HAVE MADE THE (#)

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CONTINUES TO HELP THE INSURGENT
MOVEMENTS IN NORTHERN AND NORTHEAST THAILAND.

8. CONTINUED RELATIONS. THE ORGANIZED HARASSMENT
SUFFERED BY THIS MISSION OVER PAST MONTH HAS RAISED
QUESTION OF OUR FUTURE RELATIONS. THE SECRETARY IN FACT
DIRECTED THE CHARGE TO MAKE THIS POINT TO THE PRIMIN
ORALLY. (ORIGINALLY, IT WAS INCLUDED IN THE MESSAGE
SENT BY THE SECRETARY, BUT WAS DELETED AT OUR REQUEST.)
SOUVANNA REACTED VERY ANGRILY TO THE CHARGE'S STATEMENT.
NEVERTHRLESS, IT IS A QUESTION VERY MUCH ON OUR MINDS
BECAUSE BY TIGHTENING THE SCREW A LITTLE MORE (E.G.,
PLACING PATHET LAO MIXED POPLICE GUARDS ON THE CHANCERY
OR ON INDIVIDUAL RESIDENCES, OR RESTRICTING OUR MOVE-
MENTS) THE LPF COULD FORCE US INTO POSITION WHERE WE
WOULD HAVE NO CHOICE BUT TO SUSPEND OR EVEN BREAK
RELATIONS. WE DOUBT THAT THIS IS THE LPF INTENT FOR
THE MOMENT, AND OUR PRELIMINARY CONSENSUS, WHICH WE SHALL
WISH TO DISCUSS WITH YOU, IS THAT WE OUGHT TO MAINTAIN
A MUCH-REDUCED MISSION (BARRING FURTHER SERIOUS PROVO-
CATIONS) WHILE THE ASSISTANCE QUESTION IS BEING SORTED
OUT. IN OTHER WORDS, PGNU ACTIONS OR INACTION WILL
DETERMINE WHETHER RELATIONS CONTINUE.

9. ECONOMIC ASSISTANCE. THE MOST PRESSING QUESTION
WHICH THE LAO WILL HAVE ON THEIR MINDS IS WHETHER WE
ARE PREPARED TO RENEGOTIATE A NEW AID AGREEMENT. (YES-
TERDAY WE JUST RECEIVED THEIR DRAFT PROPOSAL FOR ECONOMIC,
TECHNICAL AND CULTURAL COOPERATION, REPORTED SEPTTEL.)
PROPOSED POSITION: WE BELIEVE BEST ANSWER FOR NOW
IS THAT U.S. HAS GIVEN LAOS HUNDREDS OF MILLION DOLLARS
IN ECONOMIC AID OVER THE YEARS AND WAS, AT LEAST UNTIL
EVENTS OF PAST MONTH, DISPOSED TO CONTINUE A SUBSTANTIAL
BUT DECLINING PROGRAM. NOW SEVERAL THINGS HAVE HAPPENED:
PGNU HAS REQUESTED RENEGOTIATION OF 1951 AGREEMENT AND
ASSISTANCE GENERALLY BUT HAVE AT SAME TIME PERMITTED
HARASSMENT OF THE USAID MISSION, WITH RESULT THAT IT
IS BEING TERMINATED AS AN ORGANIZATIONAL ENTITY. WE
MUST FIRST COMPLETE THIS PROCESS AND TURN OVER ALL
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EQUIPMENT, MATERIEL AND FUNDS PROVIDED FOR UNDER JOINT PROJECT AGREEMENTS. WE MUST ALSO ALLOW TIME FOR SITUATION TO SETTLE TO ASCERTAIN WHETHER SUCH COOPERATION IS MUTUALLY DESIRABLE. THEN WE NEED TO HAVE A BETTER UNDERSTANDING OF WHAT THE LAO GOVERNMENT SPECIFICALLY WANTS AND NEEDS IN TERMS OF AID. WE WANT ALSO TO MAKE SURE GOVERNMENT UNDERSTANDS THAT THERE ARE NON-NEGOTIABLE LEGAL REQUIREMENTS OF SUPERVISION AND AUDIT OVER ALL AID. POINT SHOULD BE MADE THAT FUTURE ASSISTANCE DEPENDS NOT ON EXECUTIVE BRANCH ALONE BUT ON ATTITUDE OF OUR CONGRESS, AND THE CALCULATED HUMILIATION OF THE U.S. MISSION IN RECENT WEEKS HAS NOT ESCAPED CONGRESSIONAL NOTICE.

10. MILITARY ASSISTANCE. WE ARE OPERATING ON ASSUMPTION THAT THERE WILL BE NO MAP FOR LAOS IN FY76; SUPPLIES WOULD HAVE TO GO THROUGH AN LPF-DOMINATED MINISTRY OF DEFENSE TO A MILITARY ESTABLISHMENT THAT, EVEN IF NOT YET INTEGRATED, IS SLIDING RAPIDLY UNDER LPF CONTROL. FURTHERMORE, THERE IS NO JUSTIFIABLE OBJECTIVE FOR A CONTINUED MAP. WHILE WE CANNOT JUSTIFY CONTINUING TO PROVIDE HARDWARE AND AMMUNITION, WE NEVERTHELESS BELIEVE WE SHOULD CONTINUE TO PROVIDE SOME RICE FROM FY75 FUNDS TO EASE THE TRANSITION OF THE RESIDUAL FAR. TO CUT THIS SUPPLY ON SHORT NOTICE WOULD CREATE WIDESPREAD SUFFERING AND PRODUCE AN IMMEDIATE AND HARSH CONFRONTATION. RICE RATIONS CAN BE CONTINUED FOR NEXT FEW MONTHS FROM FY75 FUNDS. PROPOSED POSITION: WE SHOULD LET PHOUMI RAISE THE ISSUE AND LISTEN TO WHAT HE AND OTHERS MAY HAVE TO SAY, BUT INDICATE THAT WITH PEACE RESTORED IT IS DIFFICULT TO JUSTIFY CONTINUATION OF MAP. HOWEVER, WE WOULD BE PREPARED TO HELP THEM EASE THE TRANSITION WITH CONTINUING DELIVERIES OF RICE FOR A TIME.

11. SIZE OF MISSION. THIS IS PRIMARILY AN IN-HOUSE ISSUE. ON INSTRUCTIONS FROM DEPARTMENT WE ARE REDUCING OVERALL MISSION TO APPROXIMATELY 58 (SEPTTEL). TO THE LAO, WE BELIEVE YOU SHOULD SAY (IF ASKED) THAT WE ENVISION A CONTINUING BUT MUCH SMALLER MISSION, SHORN OF USAID BUT MAINTAINING ALL OTHER NORMAL FUNCTIONS

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(INCLUDING SMALL DEFENSE ATTACHE OFFICE AND WITH USIS FOLDED INTO EMBASSY IN FORM OF PRESS AND CULTURAL OFFICES).
CHAPMAN

NOTE BY OC/T: VIENTIANE 3876 (SEC 2 OF 2). #OMISSION IN
PARA. 7. CORRECTION TO FOLLOW.

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NNN

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Review Withdrawn Fields: n/a
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TAGS: PFOR, PGOV, EAD, PINS, PINR, US, LA, LPF, (SOUVANNA PHOUMA), (PHOUMI VONGVICHIT)
To: STATE KUALA LUMPUR
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006